State of New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez Governor

David Martin Cabinet Secretary

Tony Dellin Deputy Cabinet Secretary David R. Catanach, Division Director Oil Conservation Division



May 6, 2016

Mr. Eddie Seay, agent MNA Enterprises LTD Co. 601 W, Illinois Hobbs, NM 88242 575-392-2236

RE: <u>Administrative Order SWD-471; Commercial Disposal</u> Russell Federal 35 SWD Well No. 2 (API 30-015-05891) Unit A, Sec 35, T26S, R31E, NMPM, Eddy County, New Mexico Order Date: April 8, 1992 Disposal into the upper Delaware formation; approved OH interval: 4106 feet to 4118 feet

Dear Mr. Seay:

Reference is made to your letter, received May 6, 2016, on behalf of MNA Enterprises LTD Co. providing notice of your intent to convert this disposal well from lease-only into a commercial disposal well. Your letter asks the Division to consider this action and provide feedback.

This well has been used to re-inject the water produced from surrounding producing wells completed also in the Delaware Mountain Group [Mason; Delaware, North Pool (44859)] and operated by MNA Enterprises LTD Co. It is surrounded on all sides by producers, some of which are still producing oil. Two of these wells seem to have watered out. The conversion to commercial disposal will have either a positive or negative effect on the remaining producing wells. It is our understanding that the BLM has not objected to this.

There are a few items that the Division asks:

- a. Supply the Division with recent verification of the total depth of this well. This should be by wireline or tubing tally witnessed by or approved by the Artesia district office inspectors. Any deepening of this open hole must be approved by the BLM and the Division and also approved by the Santa Fe office after submission of another form C-108.
- b. Provide a contact person for this operator to Denise Gallegos in the Santa Fe office.
- c. Supply the Division with copies of any logs the operator has in its files on this well.
- d. Begin henceforth reporting tubing pressures on the C-115 report for this well.
- e. Verify to the Artesia district inspectors by chait recorder or other approved device that this well always remains below the 821 psi tubing pressure limit.

SWD-471: Conversion to Commercial Disposal Eddie Seay, agent for MNA Enterprises LTD Co. May 6, 2016 Page 2 of 2

All requirements of the above referenced administrative order remain in effect. In addition, without a revised or updated C-108 application, the submissions of the 1992 application remain in full force and effect.

Sincerely,

David K

DAVID R. CATANACH Director

DRC/wvjj

cc: Oil Conservation Division – Artesia District Office
Well File API 30-015-05891 and SWD-471
Bureau of Land Management – Carlsbad Field Office

Mr. Patrick McMahon, Esq., Heidel Samberson Cox & McMahon Law Firm 311 North 1st Street, Lovington, NM, 88260

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December 2, 2016

New Mexico Oil Conservation Division, District 2 Attn Randy Bayliss, District Supervisor 811 S. First Artesia, New Mexico 88210

Re: Administrative Order SWD-471; Commercial Disposal Russell Federal 35 SWD Well No. 2 (API 30-015-05891) Unit A, Sec 35, T26S, R31E, NMPM, Eddy County. New Mexico Order Date: April 8, 1992

Dear Mr. Bayliss,

I hope that this letter finds you well. Please find attached a copy of the May 6, 2016 correspondence of Mr. David Catanach regarding the above referenced matter.

In regard to Mr. Catanach's requests:

- a. MNA Enterprises LTD Co. (MNA), intends to conduct remedial work on the Russell Federal 35 #2 as soon as possible. At the time this remedial work is being completed, MNA will verify the total depth of the well by wireline or tubing tally and will notify the District 2 office to allow inspectors to witness.
- b. A copy of correspondence to Denise Gallegos is enclosed.
- c. A copy of the only log that MNA has for the Russell 35 No. 2 is enclosed.
- d. Please find the four most recent C-115s filed by MNA. Note that MNA is reporting tubing pressure on the C-115s for the Russell 35 No. 2 well. The tubing pressure is verified daily by the pumper on a pressure gauge attached to the tubing.
- e. Lastly, since MNA took over the Russell Federal 35 Lease, the No. 2 well has always been on a vacuum. As such a chart recorder was not ever put in place on the No. 2 to record tubing pressure. MNA will install a chart recorder and begin

verifying tubing pressures to the District 2 office.

If you should have any questions, please do not hesitate to contact our office.

HEIDEL, SAMBERSON, COX & MCMAHON By: Patrick B. McMahon Patrick B. McMahon

PBM:st

Enclosures cc: Daniel Alexander David Catanach Michael McMillan

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December 1, 2016

New Mexico Oil Conservation Division Attn: Denise Gallegos 1220 South St. Francis Dr. Santa Fe, New Mexico 87505

Re: Administrative Order SWD-471; Commercial Disposal Russell Federal 35 SWD Well No. 2 (API 30-015-05891) Unit A, Sec 35, T26S, R31E, NMPM, Eddy County. New Mexico Order Date: April 8, 1992

Dear Denise,

Please find attached a copy of the May 6, 2016 correspondence of Mr. David Catanach regarding the above referenced matter. As per paragraph (b)., please be advised that Mr. Daniel Alexander will be the contact person for MNA Enterprise LTD Co. (OGRID #124768). Mr. Alexander may be reached as follows:

Mail: 106 W. Alabama Hobbs NM 88242

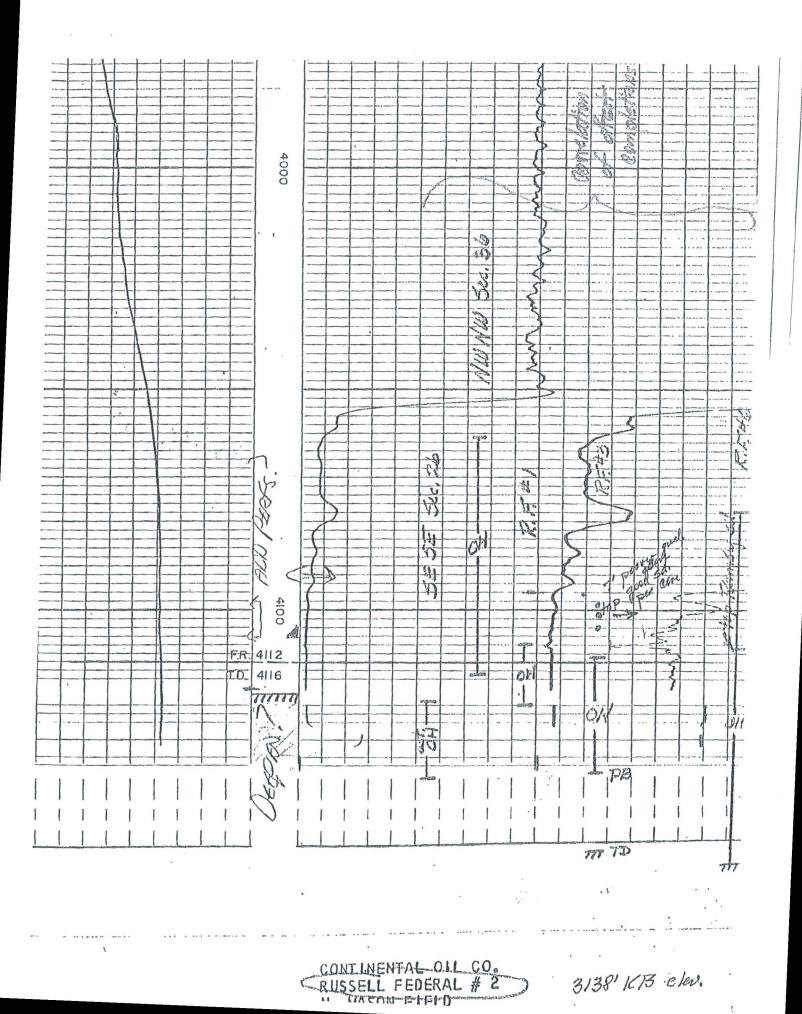
E-mail: <u>mna.ent106@gmail.com</u> <u>danielmalexander@hotmail.com</u>

Phone: (575) 392-2702 (575) 390-3300

If you should have any questions, please do not hesitate to contact our office.

HEIDEL, SAMBERSON, COX & MCMAHON By: Publick B. McMahon Patrick B. McMahon

PBM:st Enclosures cc: Daniel Alexander David Catanach Michael McMillan Randy Bayliss



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April 10, 2017

New Mexico Oil Conservation Division, District 2 Attn Randy Bayliss, District Supervisor 811 S. First Artesia, New Mexico 88210

Re: Russell Federal 35 SWD Well No. 2 (API 30-015-05891)

Dear Mr. Bayliss,

As per my December 2, 2016 correspondence, please find attached charts for the above referenced well for the time period of December 8, 2016 to March 17, 2017. MNA Enterprises will be submitting the originals to you at the Artesia office shortly and will continue to do so in the future.

If you should have any questions, please do not hesitate to contact our office..

HEIDEL, SAMBERSON, COX & MCMAHON By: Patrick B. McMahon

PBM:st Enclosures cc: Daniel Alexander Mason Alexander

